
Commerce & Labor Committee

HB 2689

Brief Description: Modifying agency relationship provisions to clarify broker and licensee terms.

Sponsors: Representatives Goodman, Maxwell, Kenney and Kelley.

Brief Summary of Bill

- Modifies the definition of "licensee" in the real estate brokerage agency relationships law to be more consistent with the equivalent definition in the real estate brokers and salespersons law.

Hearing Date: 1/27/10

Staff: Rebecca Jones (786-5793) and Joan Elgee (786-7106).

Background:

The Department of Licensing (Department) is responsible for the licensing required for real estate transactions. One real estate related law deals with brokers and salespersons and another law deals with brokerage agency relationships. The brokers and salespersons law was changed to modify the definition of a licensee, add a definition for a designated broker, and delete the definition of a real estate salesperson, among other changes. The changes take effect July 1, 2010.

Under the real estate brokers and salespersons law, effective July 1, 2010:

- a licensee is a real estate firm, managing broker, or broker;
- a real estate firm is a licensed and legally recognized business entity conducting real estate brokerage services;
- a designated broker is a person who either owns a real estate firm or who has a controlling interest in a firm, has been designated to act on behalf of the firm, and whose managing broker license has been endorsed by the Department as a "designated broker;"

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- a managing broker acts on behalf of the real estate firm to perform real estate brokerage services under the designated broker and may supervise other brokers or managing brokers; and
- a broker is a person acting on behalf of a real estate firm to perform real estate brokerage services under a designated broker or managing broker.

The brokerage agency relationships law was not changed and includes the terms deleted from or modified in the brokers and salespersons law. Under the real estate brokerage agency relationships law, a licensee is a real estate broker, associate real estate broker, or real estate salesperson, as defined in the real estate brokers and salespersons law effective until July 1, 2010.

A real estate broker is a person who:

- sells, lists, or buys real estate for others;
- negotiates for others the purchase, sale, exchange, lease, or rental of real estate, business opportunities, or a manufactured home in conjunction with the land on which the home is located;
- advertises or holds himself or herself out to the public as engaged in these activities; or
- engages, directs, or assists in procuring prospects or in negotiating or closing any transaction which results in these activities.

An associate real estate broker is a person who has qualified as a broker, but who works with another broker and has a license stating that he or she is associated with another broker. A real estate salesperson is employed by a real estate broker in conducting the real estate business.

Summary of Bill:

The definition of "licensee" in the real estate brokerage agency relationships law is modified to be more consistent with the definition and language in the real estate brokers and salespersons law coming into effect July 1, 2010. "Licensee" is defined as a broker, managing broker, or designated broker.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.